

HILLMAN *Com 2198*

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 60 final

Brussels, 18th February, 1980

JUL 10 1980

UNIVERSITY OF PITTSBURGH
LIBRARIES

JUL 9 1980

GIFT & EXCHANGE

PROPOSAL FOR A COUNCIL REGULATION (EEC)
AMENDING REGULATION No 136/66/EEC ON THE ESTABLISHMENT OF
A COMMON ORGANIZATION OF THE MARKET IN OILS AND FATS
AND SUPPLEMENTING REGULATION (EEC) No 1360/78 ON
PRODUCER GROUPS AND ASSOCIATIONS THEREOF

(presented by the Commission to the Council)

COM(80) 60 final

1

EXPLANATORY MEMORANDUM

1. Regulation No 136/66/EEC provides that production aid shall be granted to growers who are members of a producer group recognized under Regulation (EEC) No 1360/78 on producer groups and associations thereof, on the basis of the quantity of oil actually produced by them, and that these producer groups shall assist with the administration of the production aid.

Pending the implementation of Regulation (EEC) No 1360/78, special measures are to apply in respect of producer groups in the olive oil sector for 1978/79 and 1979/80.

Experience has shown that recognized producer groups within the meaning of Regulation (EEC) No 1360/78 might not be capable of accomplishing the tasks entrusted to them in connection with this olive oil production aid.

Under Regulation (EEC) No 1360/78, producer groups are set up for the particular purpose of improving the marketing of their members' products. However, in connection with the olive oil aid system, the main object is that the groups assist with the management of the aid so that, for one thing, control can be made more effective. Consequently, the conditions for recognizing producer groups are not the same for olive oil as in other cases: for instance, the size of a group set up for marketing purposes may be fairly modest, with the result that a large number of groups may be set up.

However, where groups must also assist with the management of production aid, their proliferation can only cause problems, not only as to the effectiveness of their controls but also as to their relations with the governments of the Member States which bear the ultimate responsibility for the controls carried out. Consequently, it would be best to entrust the tasks in question to recognized associations of producer groups, within the meaning of the same Regulation, which pursue the same objectives as the groups themselves but on a larger scale, with the result that they are fewer in number.

In view of this and of the fact that Regulation (EEC) No 1360/78 should be implemented in the course of 1979/80, the necessary amendments to Regulation No 136/66/EEC must be adopted in preparation for 1980/81.

2. Since the participation of the associations in the management of production aid represents a special duty not provided for in Regulation (EEC) No 1360/78, provision must be made for financial assistance to enable the associations to fulfil this duty. Bearing in mind the benefits to which these associations are entitled under Regulation No 136/66/EEC, it seems fair that the funds be obtained from a levy on the production aid granted to the members of the associations concerned. In this

way there will be no extra outlay under the Community budget.

Furthermore, since the associations of producer groups within the meaning of Regulation (EEC) No 1360/78 are set up in order to adapt the production and output of their members to the requirements of the market, their members inevitably consist of producers who market what they produce. However, there are some producers in the olive oil sector who do not market what they produce.

This being so, since there are no special measures on the matter these producers would be systematically barred from receiving aid for the quantity of olive oil actually produced. To prevent this discrimination, it must be stipulated that the recognized associations of producer groups may accept the membership of the growers concerned on an individual basis for the purposes of granting production aid on the basis of the quantity of oil actually produced.

3. Regulation No 136/66/EEC also set up a system of aid for the consumption of olive oil produced and marketed in the Community and provided that the management of these arrangements be entrusted to a trade organization under the control of the Member State concerned. Recent experience has shown that this method of aid management raised certain problems in the Member State chiefly concerned, although there are advantages in associating the relevant trade organizations with at least some of the work of consumption aid management.

In view of the number of beneficiaries under the consumption aid arrangements and the complexity of those arrangements, it is desirable - even essential - for reasons of practical efficiency to secure a degree of cooperation between the beneficiaries and the administrative bodies responsible for monitoring the operation of the scheme. It therefore seems advisable, in view of the guarantees that they can offer on the question of controls, to entrust the trade organizations representing the beneficiaries with the task of preparing the applications for aid so that they are presented in a standardized form to the administrative authorities with final responsibility for control who can then, in their turn, make a more rapid and efficient check of the contents of the applications.

The current provisions on this matter must therefore be amended. Furthermore, helping with the preparation of applications constitutes a special duty for the trade organizations for which they must receive some financial assistance.

Since the proposed procedure affords potential benefits to those concerned, namely greater promptness in the granting of aid, it seems fair that the requisite funds should be obtained by means of a levy on the aid granted to the trade organizations concerned. Here again, therefore, there would be no additional outlay under the Community budget.

4. To overcome the structural problems facing the organization of agricultural production in some regions of the Community, Regulation (EEC) No 1360/78 provides for farmers to be grouped in producer groups. In France, Regulation (EEC) No 1360/78 is applicable in respect of certain lines of production in the southern regions. The production of olive oil is at present not covered by the Regulation, despite the fact that the olive oil sector is one in which organization is defective. Furthermore, in the matter of production aid, Regulation No 136/66/EEC grants a number of prerogatives to associations of producer groups. For these reasons, the field of application of Regulation (EEC) No 1360/78 in France should be extended to include olive oil production.

Proposal for a
COUNCIL REGULATION (EEC)

amending Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats and Regulation (EEC) No 1360/78 on producer groups and associations thereof

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof;

Having regard to the proposal from the Commission⁽¹⁾;

Having regard to the opinion of the European Parliament⁽²⁾;

Whereas Article 5 of Council Regulation No 136/66/EEC⁽³⁾, as last amended by Regulation (EEC) No 590/79⁽⁴⁾, introduced a system of aid for the production of olive oil in the Community; whereas such aid is granted, on the basis of the quantity of oil actually produced, to growers who are members of a producer group recognized pursuant to Council Regulation (EEC) No 1360/78⁽⁵⁾; whereas these groups may assist with certain of the tasks entailed in the management of the production aid system;

Whereas experience has shown that, because of the main role assigned to them, namely marketing their members' produce, and because they are small in size and many in number, producer groups are not best qualified to assist with the management of the production aid system; whereas this problem can be overcome by providing for the associations of producer groups recognized pursuant to Regulation (EEC) No 1360/78 to assist with the management of production aid, since such associations pursue the same objectives as the groups but on a larger scale and since they fulfil the supplementary conditions for recognition laid down in this Regulation;

Whereas assistance with the management of production aid constitutes for associations a special task not provided for in Regulation (EEC) No 1360/78; whereas it is necessary, therefore, to provide for that task to be financed; whereas in

(1) OJ No C ..

(2) OJ No C ..

(3) OJ No 172 of 30.9.1966, p. 3025/66

(4) OJ No L 78 of 30.3.1979, p. 1

(5) OJ No L 166 of 23.6.1978, p. 1

view of the potential benefits afforded to those concerned by the participation of the associations in the management of production aid, it is fair that the work should be financed by a deduction from production aid;

Whereas some producers in the olive oil sector do not market what they produce; whereas they are not entitled to belong to a producer group within the meaning of Regulation (EEC) No 1360/78; whereas, therefore, these producers are barred from receiving production aid on the basis of the quantity of olive oil actually produced; whereas to remedy this situation it must be provided that these producers should be allowed to join the associations of producer groups on a direct, individual basis;

Whereas Article 11 of Regulation No 136/66/EEC introduced a system of aid for the consumption of olive oil produced and marketed in the Community and provided that the management of these arrangements be entrusted to a trade organization under the supervision of the Member State concerned; whereas experience has shown that the operation of this system of aid management gives rise to practical difficulties;

Whereas, in view of the large number of beneficiaries of the system of consumption aid in the main olive oil-producing Member State and in view of the complexity of this system, it is advisable, for ease of administration and to facilitate the granting of aid, to secure a degree of cooperation between the beneficiaries of the aid and the administrative authorities of the Member State in question; whereas to this end the Member State concerned should have the power to recognize the trade organizations representing the beneficiaries of the system of consumption aid; whereas certain preparatory tasks should therefore be entrusted to those organizations; whereas minimum conditions should be laid down for the recognition of those organizations;

Whereas the necessary funds must be provided to enable the trade organizations to carry out the special tasks entrusted to them; whereas in view of the advantages afforded to those concerned by the proposed procedure it is appropriate that the financing be carried out by means of a deduction from consumption aid;

Whereas the ultimate responsibility for supervising the management of production aid and consumption aid lies with the Member State concerned;

Whereas to remedy certain structural defects in the organization of agricultural production in certain regions of the Community, Regulation (EEC) No 1360/78 provided for farmers to be grouped in producer groups and associations of producer groups;

Whereas these defects have been observed in the olive oil sector in the southern regions of France; whereas, however, the olive oil sector is not at present included in the field of application of the Regulation in question;

5

Whereas, in the matter of production aid, Regulation No 136/66/EEC gives certain prerogatives to associations of groups of olive oil producers; whereas the field of application of Regulation (EEC) No 1360/78 should therefore be extended to include the olive oil sector in France;

Whereas Regulation (EEC) No 1360/78 is to be implemented during the marketing year 1979/80; whereas in order to facilitate the transition between the present system for the organization of production in the olive oil sector and the new system, the latter should be brought into application for the marketing year 1980/81,

HAS ADOPTED THIS REGULATION :

Article 1

Regulation No 136/66/EEC is hereby amended as follows :

1. The first indent of Article 5(2) is replaced by the following:

"- to growers who are members of a producer group belonging to an association recognized pursuant to Regulation (EEC) No 1360/78 and this Regulation, and to the individual growers specified in Article 20c, belonging directly to such an association, on the basis of the quantity of oil actually produced by them."

2. Article 5(3) is replaced by the following:

"3. Recognized associations shall assist in determining the actual production referred to in the first indent of paragraph 2 and may assist in establishing the production potential and yield referred to in the second indent of paragraph 2."

3. Article 11 is replaced by the following:

"Article 11

1. Where the production target price less the production aid exceeds the representative market price for olive oil, a consumption aid shall be granted for olive oil produced and marketed in the Community. The aid shall be equal to the difference between these two amounts.

2. Save where paragraph 3 applies, the aid shall be granted to olive oil canneries at their request.

3. Where one or more trade organizations are recognized under this Regulation in a Member State, those organizations shall assist in determining the quantities of canned or bottled olive oil eligible for aid. These organizations shall carry out the work in question and apply for aid on behalf of their members

Canneries not belonging to a trade organization shall have the work done by an organization of their own choice. In such cases, the organizations in question shall have the power to apply for and receive aid for those undertakings.

4. In order to be granted recognition a trade organization must fulfil the following conditions :

- be capable of checking the quantity of oil canned or bottled by the canneries they represent;
- be authorized to submit a single application for aid for all the canneries they represent;
- be authorized to receive the aid and share it out between the canneries they represent;
- have the legal personality or sufficient legal capacity to exercise rights and be subject to obligations in accordance with national law.

Recognition shall be withdrawn where the conditions for recognition laid down in the first subparagraph are no longer fulfilled.

5. By way of a fee, the recognized trade organizations shall receive a percentage, to be determined, of the amount of consumption aid paid to them. The purpose of this fee shall be to cover the expenditure incurred in the work done pursuant to paragraph 3.
6. The Council, acting by a qualified majority on a proposal from the Commission, shall decide each year before 1 October for the following marketing year the percentage of the consumption aid specified in paragraph 5 and the percentage of the consumption aid which is to be allocated to publicity campaigns or to any other projects for the promotion of the consumption of olive oil in the Community.

However, for the period between the day of entry into force of this Regulation and 31 October 1980, the percentage referred to in paragraph 5 shall be $\frac{1}{7}$.

7. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt the general rules for the application of this Article, and in particular the rules relating to the verification of eligibility for aid; such verification shall in principle relate both to olive oil produced in the Community and to olive oil imported from non-member countries.
 8. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 38 and, where appropriate, in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.
4. Article 20c is replaced by the following:

"Article 20c

By way of derogation from Article 5(3) of Regulation (EEC) No 1360/78, in the olive oil sector, associations shall be composed of recognized producer groups and, where appropriate, olive growers whose production is intended mainly for their own consumption.

In order to be granted recognition, these associations must fulfil the conditions laid down by Regulation (EEC) No 1360/78 and also :

- be capable of verifying the actual production of the growers who are members of the groups referred to in the first subparagraph and of other growers referred to in that paragraph,
- be authorized to submit a single application for all the producers referred to in the first indent,
- be authorized to receive the aid and share it out to each of the producers referred to in the first indent.

Without prejudice to the application of Article 8 of Regulation (EEC) No 1360/78, recognition of an association shall be withdrawn if the conditions for recognition laid down in the second subparagraph were not or are no longer fulfilled. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 38."

Article 20d is replaced by the following:

"Article 20d

1. The recognized associations referred to in Articles 5 and 20c shall receive, by way of a fee, a percentage to be determined of the amount of production aid paid to them. The purpose of this fee shall be to cover the expenditure incurred in the work done pursuant to Article 5(3).
The Council, acting by a qualified majority on a proposal from the Commission, shall decide each year before 1 October for the following marketing year the percentage of the production aid to be deducted as a fee by the recognized associations.
2. Where prices on the Community market are close to the intervention price during a period to be determined, it may be decided in accordance with the procedure laid down in Article 38 that recognized producer groups within the meaning of Regulation (EEC) No 1360/78 may conclude storage contracts in respect of the olive oil which they market.
3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 38."

Article 2

The following is added to Article 3(2) of Regulation (EEC) No 1360/78 :

"- olive oil (subheading 15.07 A of the Common Customs Tariff) in the metropolitan regions listed in the second indent of Article 2."

Article 3

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.

However, Article 1(1), (2), (4) and (5) shall apply with effect from 1 November 1980.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

9

